

1 FINANCE AND ADMINISTRATION CABINET

2 Department of Revenue

3 (Amendment)

4 103 KAR 44:060. Motor vehicle usage tax valuation.

5 RELATES TO: KRS 138.450-138.470

6 STATUTORY AUTHORITY: KRS 131.130(1), 138.460

7 NECESSITY, FUNCTION, AND CONFORMITY: House Bill 74 enacted by the 1998
8 Kentucky General Assembly made significant changes in the valuation of motor vehicles for motor
9 vehicle usage tax. KRS 138.460, as amended and effective August 1, 1998, authorizes the
10 Department of Revenue to promulgate administrative regulations prescribing documentation
11 necessary to carry out the provisions of HB 74. This administrative regulation establishes the form
12 and procedures required for the implementation of House Bill 74.

13 Section 1. Definitions. (1) "Gift" means the transfer of a motor vehicle from one (1) party to
14 another for no consideration or nominal consideration.

15 (2) "MSRP" means the manufacturer's suggested retail price.

16 Section 2. The following special valuation procedures shall be followed:

17 (1) For purposes of establishing retail price for used motor vehicles when a notarized affidavit
18 signed by both the buyer and the seller is not available, retail price shall be the average retail value
19 as listed in the appropriate automotive reference manual prescribed in Section 3 of this
20 administrative regulation.

21 (2) For purposes of establishing retail price for used motor vehicles whose values do not appear

1 in the automotive reference manual prescribed by the department, and when a notarized affidavit
2 signed by both the buyer and the seller is not available, retail price shall be determined by the
3 department.

4 (3) For purposes of establishing retail price for used vehicles of the current model year for which
5 an average retail value has not been published in one of the reference manuals prescribed by the
6 department, retail price shall be eighty-five (85) percent of the MSRP, including the MSRP of all
7 equipment and accessories, standard and optional, and transportation charges.

8 Section 3. The following automotive reference manuals shall be followed for the valuation of
9 the motor vehicles contained therein for motor vehicle usage tax, listed in order of prescribed use:

10 (1) Automobiles and light trucks:

11 (a) NADA Official Used Car Guideâ;

12 (b) NADA Official Older Used Car Guide;

13 (c) NADA Classic Collectible and Special Interest Car Appraisal Guide.

14 (2) Other trucks: NADA Official Commercial Truck Guideâ.

15 (3) Miscellaneous vehicles:

16 (a) NADA Recreational Vehicle Appraisal Guide;

17 (b) NADA Van/Truck Conversion and Limousine Appraisal Guide;

18 (c) NADA Motorcycle/Snowmobile/ATV/Personal Watercraft Appraisal Guide.

19 (4) General use: Automotive Invoice Service New Car Cost Guide.

20 Section 4. (1) If an affidavit of total consideration given is not available and a retail price
21 based on MSRP is prescribed by statute, a copy of the window sticker or other documentation from
22 the manufacturer showing MSRP and listing the base price, all equipment and accessories,

1 standard and optional, and transportation charges shall be provided to the county clerk when a new
2 automobile is presented for registration.

3 (2) An itemized statement showing the MSRP of any additional equipment and accessories
4 installed by the dealer and not reflected on the window sticker shall also be provided to the county
5 clerk.

6 (3) If the manufacturer's documentation does not include complete MSRP information, the
7 department shall obtain MSRP information from available sources.

8 (4) If the manufacturer's invoice to the dealer does not contain MSRP information, the dealer
9 shall provide the county clerk a copy of the manufacturer's invoice and provide an itemized list of
10 all equipment and accessories whether installed by the manufacturer or dealer, plus transportation
11 charges.

12 (5) Taxable valuation shall then be determined through the use of MSRP information provided
13 in the price reference manual prescribed in Section 3 of this administrative regulation, or other
14 source of MSRP information.

15 Section 5. Forms. (1) The department forms applicable to this regulation are:

16 (a) Revenue Form 71A100, "Affidavit of Total Consideration Given for a Motor Vehicle";
17 and

18 (b) Revenue Form 71F001, "Kentucky's Taxation of Motor Vehicles for Motor Vehicle Usage
19 Tax".

20 (2) These forms may be inspected, copied, or obtained, subject to applicable copyright law,
21 at:

22 (a) The Kentucky Department of Revenue, 501 High Street, Frankfort, Kentucky 40620;

23 (b) A Kentucky Taxpayer Service Center, Monday through Friday, 8 a.m. to 4:30 p.m.; or

1 (c) The department website at <http://revenue.ky.gov>.

2 [~~Incorporation by Reference. (1) The following items are incorporated by reference:~~


3 ~~— (a) Revenue Form 71A-100, "Affidavit of Total Consideration Given for a Motor Vehicle",~~
4 ~~October 1998.~~

5 ~~— (b) Revenue Form 71F001, "Kentucky's Taxation of Motor Vehicles for Motor Vehicle Usage~~
6 ~~Tax", December 1998.~~

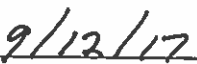
7 ~~— (2) These documents may be inspected, copied, or obtained at the Kentucky Department of~~
8 ~~Revenue, 501 High Street, Frankfort, Kentucky 40620, or at any Kentucky Department of Revenue~~
9 ~~Taxpayer Service Center, Monday through Friday, 8 a.m. to 4:30 p.m.]~~

103 KAR 44:060

APPROVED BY AGENCY:



DANIEL P. BORK, COMMISSIONER
Department of Revenue
Finance and Administration Cabinet



Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on October 24, 2017, at 1:00 p.m. in Room 11A, State Office Building, Frankfort KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through October 31, 2017. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Lisa Swiger, Tax Policy Research Consultant, Department of Revenue, 501 High Street, Station 1, Frankfort, Kentucky, 40601, (502) 564-9526 (telephone), (502) 564-3875(fax), Lisa.Swiger@ky.gov(email).

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation No. 103 KAR 44:060

Contact Person: Lisa Swiger

Phone Number: (502) 782-5705

Email: Lisa.Swiger@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation updates regulatory language to conform to recent statutory language revisions.

(b) The necessity of this administrative regulation: To update outdated language in the regulation to the most up to date information now provided in statute.

(c) How this administrative regulation conforms to the content of the authorizing statutes: It updates the current outdated language to comply with statutory changes made to KRS 131 in SB 129 of the 2016 General Assembly that removed the requirement for the department to file a regulation incorporating applicable forms. This amendment removes references to forms incorporated by reference that are now published solely on the department's website.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: It may potentially decrease calls or questions to the department regarding up to date recent versions of the forms previously listed in this regulation.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment will remove references to forms previously incorporated by reference in this regulation that are now provided solely on the department's webpage.

(b) The necessity of the amendment to this administrative regulation: To provide the most up to date information for all who would seek guidance from this regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment provides guidance on the location of the forms listed in this regulation.

(d) How the amendment will assist in the effective administration of the statutes: It may decrease questions or calls to the department, allowing staff to focus on revenue generating tasks.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All individuals, businesses, organizations, or state and local governments that may reference this regulation for guidance.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: No actions are necessary to comply with this amendment.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There is no cost to any entity to comply.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Anyone who accesses the amended regulation will benefit from the updated information contained therein.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There is no cost to the department to implement the proposed amendment beyond current department budgeted funds and staff.

(b) On a continuing basis: There is no cost to the department on a continuing basis.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: There is no additional cost to implement and enforce the proposed amendment.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no additional cost to implement and enforce the proposed amendment.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No fees are directly or indirectly established or increased by the proposed amendment.

(9) TIERING: Is tiering applied? (Explain why or why not) No. Tiering is not applied as the provisions of this regulation apply equally to all those affected by it.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No. 103 KAR 44:060

Contact Person: Lisa Swiger

Phone Number: (502) 564-9526

Email: Lisa.Swiger@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Finance and Administration Cabinet, Department of Revenue.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 131.130 and KRS 131.131.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. There will be no effect on the revenues of any agency or entity from this administrative regulation.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None. This amendment only provides updated information regarding the location of forms on the department's website.

(c) How much will it cost to administer this program for the first year? No additional costs will be incurred in the first year of this regulation being in effect.

(d) How much will it cost to administer this program for subsequent years? No additional costs will be incurred in subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: